

January 15, 2010

To the Board of Directors  
Delaware Manufactured Home Relocation Authority

In connection with our audit of the financial statements of the Delaware Manufactured Home Relocation Authority (the Authority), a component unit of the State of Delaware, as of and for the year ended June 30, 2009, we identified deficiencies in internal control over financial reporting (control deficiencies).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

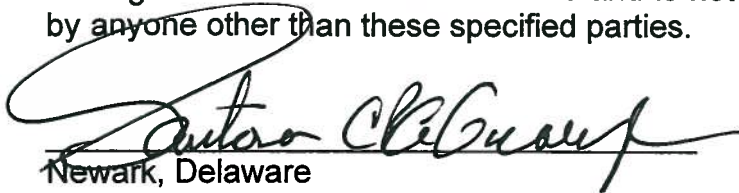
We have separately communicated to you and the Board of Directors identified deficiencies that we determined to be significant deficiencies or material weaknesses. Certain control deficiencies that have been previously communicated to you in writing, by us or by others within the Authority, are not repeated herein.

Following are descriptions of other identified control deficiencies that we determined did not constitute significant deficiencies or material weaknesses:

- During the course of our audit, we were notified that any expenditures over \$500 must be approved by the Board and signed by two authorized signers, one being a Board member. However, while reviewing the various internal controls associated with purchases and accounts payables, we encountered a expense payment in the amount of \$2,953.27 to Parkowski et al, PA for which Board approval was not documented. In addition, we were made aware that invoices from McBride Shopa & Company were also being paid without documented board approval. We discussed this matter with Scott Sipple of McBride Shopa & Company, and he concurred that documentation of Board approval for such expenses was not always occurring.

It is our recommendation that the Authority obtain the required Board approval for all nonrecurring expenses over \$500, and that record of such approval be documented in the Board meeting minutes.

This communication is intended solely for the information and use of the Authority's management and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.



Newark, Delaware